THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) to (c). The new industrial policy announced on 24th July, 1991 provides for automatic approval by RBI for direct foreign investment upto 51% foreign equity in high priority industries, if foreign equity covers the foreign exchange requirements for imported capital goods, which must comprise plant and machinery which are new and not second hand. RBI accords approval to foreign investment proposals within a period of 15 days.

Export of Synthetic and Rayon Textiles

4944. DR. LAXMINARAYAN PANDEYA: Will the Minister of TEXTILES be pleased to state:

(a) whether the export of synthetic and Rayon–textiles has improved during the recent months;

(b) if so, the value of exports in rupees during the months of April–September, 1991; and

(c) the future prospects of exports of these items?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI ASHOK GEHLOT): (a) to (c). Yes, Sir. The exports of synthetic and rayon textiles amounted to Rs. 472 crores in April–September, 91 as compared to Rs. 290 crores during the same period of 1990. At the current rate of exports, the export target of Rs. 825 crores fixed for 1991–92 is likely to be achieved.

Exim Scrips to Shipping Companies

4945. DR. LAXMINARAYAN PANDEYA: Will the Minster of COMMERCE be pleased to state:

(a) whether the Government propose to extend the benefits of Exim Scrips to Shipping Companies to enable them to acquire new ships and improve their services;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) to (c). Presently, Shipping Industry is not entitled to Exim Scrips. However, some representations have been received. These would be considered while reviewing the Imports and Exports Policy, which is a continuous process.

Criteria for Advancing Loans to Industrialists and Agriculturists

4946. SHRI K. PRADHANI: Will the Minister of FINANCE be pleased to state:

(a) the criteria laid down by the Reserve Bank of India for the grant of loans by the scheduled banks and co–operative banks to industrialists and agriculturists;

(b) whether the cost of agricultural land is assessed very low while giving loans by the co–operative banks and scheduled banks as compared to the industrial sector;

(c) if so, the reasons therefor;

(d) whether the Government have liberalised the norms for advancing loans to Scheduled Castes and Scheduled Tribes;

(e) if so, the details in this regard; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) The loans and advances are made by banks with the following three basic objectives: (i) to grant advances on sound

are realisable basis, (ii) to invest the banks' funds profitably subject to instructions and advise of Reserve Bank of India (RBI) in the matter of lending to specific sectors where considerations of profitability have to be harmonised with wider national objectives, and (iii) to serve the legitimate credit needs of the community in its areas of operations for productive and other desirable purposes. To ensure that the banks play their assigned role, RBI have identified priority sectors of lending which include agriculture, small scale industry, retail trade etc. RBI have advised commercial banks to lend at least 40%, 10% and 18% of their net bank credit to priority sectors, weaker sections and direct agriculture respectively. They have also been advised to grant a minimum of 1% of total advances outstanding as at the end of the previous year under Differential Rate of Interest (DRI) scheme.

(b) and (c). Generally, for land–based activities the cost of land is assessed at 8 times the net post–developmental income from agriculture (i.e. on the assumption of 12 1/2% return on investment). For industries the cost of land (book value) is reckoned upto the amount of down payment required to be brought by borrowers.

(d) to (f). The bank loans are granted to Scheduled Castes and Scheduled Tribes under the same norms as prescribed for the other category of borrowers. RBI have, however, issued instructions to the banks for increasing flow of credit to the members of Scheduled Castes and Scheduled Tribes to improve their economic conditions. These instructions inter alia include:

(i) Credit Planning should take into account the needs of Scheduled Castes/Scheduled Tribes (SC/STs).

(ii) Loan applications of SCs/STs should be considered sympathetically and expeditiously.

(iii) While adopting villages for intensive lending, villages with sizeable population of the SC/ST communities may be specially chosen. Alternatively adopting specific localities basis in the concerned villages which have concentration of these communities may also be considered.

(iv) Special efforts should be made to evolve suitable bankable schemes for these communities.

(v) Banks should participate in the specific programme drawn up by the State Agencies for the upliftment of SCs/STs.

(vi) The members of SCs/STs form part of the weaker sections under priority sector. Banks have to raise the proportion of their advances to priority sector to 40% and the advances to weaker sections should reach a level of 10% of total bank credit.

(vii) 40% of the Differential Rate of Interest (DRI) advances should be extended to SCs/Sts.

(viii) Under Integrated Rural Development Programme (IRDP) not less than 30% of the families assisted should belong to SCs/STs and not less than 30% of the total assistance under the programme should go to them. This target was raised to 50% from financial year 1990–91.

(ix) Loans upto Rs. 5,000/- are granted by banks to members of SCs/Sts for construction of houses at a

concessional rate of interest at 4% per annum.

Allocation of Funds for Widening of National Highway No. 43

4947. SHRI K. PRADHANI: Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether the Government have given fresh allotment of funds for widening the National Highway No.43 for the year 1991–92;

(b) if so, the details thereof;

(c) whether the previous allotment has been utilised; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): (a) to (d). During 1990–91, 8 works relating to widening of NH 43 were in progress in Madhya Pradesh, Orissa and Andhra Pradesh, and funds to the extent of Rs. 57.00 lakhs were allocated for the same. The allocation could not be utilised fully due to delay in finalisation of contracts, which are now in operation. During the current financial year, an allocation of Rs. 161.50 lakhs exists for the said works on NH 43. No fresh works of widening of NH 43 have been sanctioned during 1991–92 so far.

Shortage of Staff in RRBs

4948. SHRIMATI BASAVA RAJESWARI: Will the Minster of FINANCE be pleased to state:

(a) whether there is shortage of staff in Regional Rural Banks in the country;

(b) if so, the reasons therefor;

(c) whether this has greatly affected the working of the RRBs; and

(d) the steps taken by the Government to provide sufficient staff in the RRBs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) No shortage of staff in Regional Rural Banks in general has been reported to the National Banks of Agriculture & Rural Development.

(b) to (d). Do not arise.

Liberalisation of Export Refinance Formula by R.B.I.

4949. SHRIMATI BASAVARAJESWARI: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has liberalised the export refinance formula and tightened selective credit control with effect from September 4, 1991; and

(b) if so, the results achieved so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Yes, Sir.

(b) The export refinance formula was liberalised by Reserve Bank of India to facilitate the flow of credit to the export sector, to ensure that resources are not a constraint to that sector, and,. in general, to give a stimulus to exports. The tightening of selective credit control stipulations is expected to discourage the use of bank credit for speculative purposes. Reserve Bank of India takes the stock of price output situation in the country on an ongoing basis to assess the impact of the changes in policies from time to time.